

EXHIBIT 16

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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

INFOGATION CORP.

Plaintiff,

V.

HUAWEI TECHNOLOGIES CO., LTD
and HUAWEI DEVICE USA, INC..

Defendants.

Case No.: 3:16-cv-01903-H-JLB

INFOGATION'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO DEFENDANTS' MOTION TO STAY

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1 Pursuant to Civil Local Rules 7.1.e.1 and 7.1.f.3, Plaintiff InfoGation Corp.
 2 (“InfoGation”) hereby submits its opposition (“Opposition”) to Defendants Huawei
 3 Technologies Co., Ltd. and Huawei Devices USA, Inc.’s Motion to Stay (“Defendants’
 4 Motion to Stay”).

5 **I. INTRODUCTION**

6 A full trial on the merits of this case will be completed in less than a year. Yet,
 7 Defendants ask this Court to delay the prosecution of InfoGation’s case by approximately
 8 22 months in deference to a later-filed declaratory judgment action filed by Google in the
 9 Northern District of California. The length of the delay alone prohibits the orderly course
 10 of justice and should result in denial of Defendants’ request. Moreover, such relief is
 11 manifestly inappropriate because: 1) the stay will harm InfoGation; 2) Defendants will
 12 not suffer hardship by proceeding with this case; and 3) the Northern District Action
 13 should be dismissed, and, even if it proceeds will not resolve major issues that must be
 14 litigated in this case.

15 **II. FACTUAL BACKGROUND**

16 **A. The Parties**

17 InfoGation is a practicing entity based in San Diego, California. (Dkt. No. 1 in Case
 18 No. 3:16-cv-01901; Dkt. No. 1 in Case No. 3:16-cv-01902; and Dkt. No. 1 in Case No.
 19 3:16-cv-01903 (collectively, “Complaints”), at ¶¶ 2, 12; *see also* Declaration of Dr. Kent
 20 Qing Pu (“K.Q.P. Decl.”) at ¶3). InfoGation produces vehicle-based turn-by-turn driving
 21 directions with accurate voice guidance, real-time travel content, and communications
 22 integration solutions for the automotive, trucking, commercial fleet and consumer
 23 industries. (Complaints at ¶12; *see also* K.Q.P. Decl.) at ¶4). The President, CEO, and
 24 Founder of InfoGation, Dr. Kent Qing Pu, along with Dr. Hui Henry Li, developed the
 25 invention embodied in U.S. Patent No. 6,292,743 (“the ’743 patent”). (Complaints at ¶13;
 26 *see also* K.Q.P. Decl.) at ¶¶1, 2).

1 InfoGation has accused the following smartphone manufacturers of infringing
 2 the '743 patent: ZTE (USA), Inc., HTC Corporation and HTC America, Inc., Huawei
 3 Technologies Co., Ltd., Huawei Devices USA, Inc. (collectively, "Defendants").
 4 (Complaints at ¶14). Defendants design, manufacture, distribute, and sell smartphones
 5 and other devices in the United States. (Defendants' Motion to Stay, Dkt. No. 30 in Case
 6 No. 3:16-cv-01901-H-JLB, at 2; Dkt. No. 38 in Case No. 3:16-cv-01902, at 2; and Dkt.
 7 No. 30 in Case No. 3:16-cv-01903-H-JLB (collectively, "Defendants' Motion to Stay") at
 8 2).¹

9 **B. Procedural History in the Three Related Cases Before this Court**

10 On July 27, 2016, InfoGation filed complaints for patent infringement against
 11 Defendants in this Court, which is InfoGation's home forum. (Complaints at ¶¶1, 2).
 12 InfoGation accused Defendants of infringing one claim, claim 15, of the '743 patent.
 13 Because the three cases involve the same patent, the same claim of patent infringement,
 14 and the same plaintiff (InfoGation), the cases are "related." CivLR 40.1(g). Pursuant to
 15 the Court's "Low-Number" Rule, on August 5, 2016, the Court transferred two of the
 16 cases (Case Nos. 3:16-cv-01902 and 3:16-cv-01903) from their previously assigned
 17 judges, so that the Honorable District Judge Huff and the Honorable Magistrate Judge
 18 Burkhardt will preside over all three related cases. (Dkt. No. 15 in Case No. 3:16-cv-
 19 01902; and Dkt. No. 15 in Case No. 3:16-cv-01903).

20 On November 1, 2016, after an extension of time to respond to the Complaints,
 21 Defendants each filed an answer, and HTC Corporation; HTC America, Inc.; and ZTE
 22 (USA), Inc. also filed counterclaims. (Dkt. No. 22 in Case No. 3:16-cv-01901; Dkt. No.
 23 21 in Case No. 3:16-cv-01902; and Dkt. No. 22 in Case No. 3:16-cv-01903) (collectively,
 24 "Answers"). Shortly afterward, the Court scheduled a telephonic case management

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 26
 27 ¹ InfoGation will cite to Defendants' Motion to Stay as one document, though
 28 substantively identical documents were filed in each of the three related cases. See
 Motion to Stay, at 1 n.1 (stating that Defendants were filing "substantively identical
 briefs").

1 conference and ordered the parties to jointly submit any changes to the Court's proposed
 2 scheduling order. (Dkt. No. 24 in Case No. 3:16-cv-01901; Dkt. No. 26 in Case No. 3:16-
 3 cv-01902; and Dkt. No. 23 in Case No. 3:16-cv-01903). The parties jointly submitted
 4 requested changes to the proposed scheduling order on November 14, 2016. (Dkt. No. 26
 5 in Case No. 3:16-cv-01901; Dkt. No. 31 in Case No. 3:16-cv-01902; and Dkt. No. 25 in
 6 Case No. 3:16-cv-01903).

7 Judge Huff held a telephonic case management conference with InfoGation and
 8 Defendants on November 18, 2016. (Dkt. No. 28 in Case No. 3:16-cv-01901; Dkt. No. 36
 9 in Case No. 3:16-cv-01902; and Dkt. No. 27 in Case No. 3:16-cv-01903). During this
 10 conference, when Huawei's counsel stated that Defendants intended to file motions to
 11 stay these cases pending the disposition of the Google's declaratory judgment action in
 12 the Northern District, Judge Huff noted that "the Court will consider the applicable
 13 standards, but generally I wouldn't be staying a case pending another case. We could go
 14 to trial with this schedule probably quite quickly. The Northern District is down several
 15 judges, as you know." (Nov. 18, 2016 Telephonic Case Management Conference Tr. at
 16 4).

17 Following the case management conference, Judge Huff entered a scheduling order
 18 adopting the parties' requested changes, with fact discovery closing June 30, 2017, and
 19 trial commencing December 5, 2017. (Dkt. No. 31 in Case No. 3:16-cv-01901; Dkt.
 20 No. 39 in Case No. 3:16-cv-01902; and Dkt. No. 31 in Case No. 3:16-cv-01903 at ¶¶ 17,
 21 33) ("Scheduling Order"). Pursuant to the Scheduling Order, InfoGation served its
 22 infringement contentions on Defendants on December 2, 2016. (Scheduling Order at ¶1).
 23 The deadline for Defendants to serve invalidity contentions is January 27, 2017.
 24 (Scheduling Order at ¶4).

25 In addition, the parties have moved forward with Alternative Dispute
 26 Resolution. Magistrate Judge Burkhardt held a telephonic status conference with all
 27 parties on November 18, 2016. (Dkt. No. 29 in Case No. 3:16-cv-01901; Dkt. No. 37 in
 28

1 Case No. 3:16-cv-01902; and Dkt. No. 28 in Case No. 3:16-cv-01903). Pursuant to that
 2 status conference, the parties jointly filed motions to continue the Early Neutral
 3 Evaluation (ENE), so the parties may first exchange infringement and invalidity
 4 contentions. (Dkt. No. 33 in Case No. 3:16-cv-01901; Dkt. No. 41 in Case No. 3:16-cv-
 5 01902; and Dkt. No. 33 in Case No. 3:16-cv-01903). The Court granted these motions on
 6 November 30, 2016, and set the ENE conference for February 9, 2017. (Order Granting
 7 Joint Motion to Continue ENE, Dkt. No. 35 in Case No. 3:16-cv-01901; Dkt. No. 42 in
 8 Case No. 3:16-cv-01902; and Dkt. No. 34 in Case No. 3:16-cv-01903).

9 **C. Google, Inc.’s Declaratory Judgment Action in the Northern District of**
 10 **California**

11 Over two months after InfoGation filed the Complaints in this Court, on October 7,
 12 2016, Google, Inc. (“Google”) filed a complaint in the Northern District of California
 13 against InfoGation for declaratory judgment of non-infringement of the ’743 patent
 14 (“Declaratory Judgment Complaint”). (Ex. A, Google’s Complaint for Declaratory
 15 Judgment of Non-Infringement, *Google Inc. v. InfoGation Corp.*, No. 3:16-cv-05821,
 16 Dkt. No. 1). Google premised its Declaratory Judgment Complaint on the fact that
 17 InfoGation had filed the three Complaints in this Court against “Google’s partners.” (*Id.*
 18 at 1).

19 InfoGation filed a motion to dismiss the Declaratory Judgment Complaint for lack
 20 of subject matter jurisdiction on November 9, 2016 (“Motion to Dismiss”). (Ex. B,
 21 InfoGation’s Motion to Dismiss for Lack of Jurisdiction, No. 3:16-cv-05821, Dkt. No.
 22 15). In its Motion to Dismiss, InfoGation asserted that no subject matter jurisdiction
 23 exists for Google’s action because InfoGation has not directed any affirmative act at
 24 Google, and even if subject matter jurisdiction was found to exist, the Northern District
 25 should dismiss the action under the first-to-file rule of federal comity. (*Id.* at 1).

26 Google filed an opposition to the Motion to Dismiss on November 30, 2016
 27 (“Opposition”). (Ex. C, Google’s Opposition to InfoGation’s Motion to Dismiss, No.
 28

1 3:16-cv-05821, Dkt. No. 22). In its Opposition, Google argued, as Defendants argue in
 2 their Motion to Stay, that the customer-suit exception to the first-to-file rule should apply,
 3 allowing Google's declaratory judgment action ("Northern District Action") to proceed
 4 before InfoGation's first-filed Complaints. (*Id.* at 1).

5 InfoGation filed a Reply in support of its Motion to Dismiss on December 7, 2016
 6 ("Reply"). (Ex. D, InfoGation's Reply in Support of Motion to Dismiss, No. 3:16-cv-
 7 05821, Dkt. No. 28). In its Reply, InfoGation asserted, as it explains in the instant brief,
 8 that the customer-suit exception to the first-to-file rule does not apply, "as Defendants are
 9 not 'mere resellers' of the Google Map application, and instead are integrating Google
 10 Maps into their own devices, devices which perform multiple elements of the asserted
 11 claim." (*Id.* at 1).

12 A hearing on InfoGation's Motion to Dismiss is scheduled for January 5, 2017.
 13 (Ex. E, Order Granting Extension of Time to Respond and Reply to Motion to Dismiss,
 14 Dkt. No. 18 at ¶¶ 4, 6).

15 III. LEGAL STANDARD

16 "[T]he power to stay proceedings is incidental to the power inherent in every court
 17 to control the disposition of the causes on its docket with economy of time and effort for
 18 itself, for counsel, and for litigants." *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936).
 19 "The proponent of a stay bears the burden of establishing its need." *Clinton v. Jones*, 520
 20 U.S. 681, 708 (1997) (citing *Landis*, 299 U.S. at 255).

21 In determining whether to grant a discretionary stay of an action, courts must
 22 weigh competing interests affected by the granting or denial of a stay, including (1) the
 23 possible damages which may result from a stay; (2) the hardship or prejudice which a
 24 party may suffer in being required to proceed; and (3) the orderly course of justice as
 25 measured by whether a stay, or the denial thereof, will simplify the issues, proof and
 26 questions of law that might result from a stay. *LG Elecs., Inc. v. Eastman Kodak Co.*, No.
 27 09-CV-0344H (BLM), 2009 WL 1468703, at *3-4 (S.D. Cal. May 26, 2009) (Huff, J.)

(citing *Landis*, 299 U.S. at 254-55). Importantly, the proponent of a stay bears the burden of establishing its need. *Id.* (citing *Clinton*, 520 U.S. at 708). If there is “even a fair possibility that the stay for which [the movant] prays will work damage to someone else, the movant must make out a clear case of hardship or inequity in being required to go forward.” *Id.* at *4 (citing *CMAX, Inc. Hall*, 300 F.2d 265, 268 (9th Cir. 1962)) (internal quotations omitted).

IV. ARGUMENT

A. InfoGation Will Suffer Harm If the Court Grants a Stay.

The Ninth Circuit has explained that “if there is even a fair possibility that the stay . . . will work damage to some one [sic] else,’ the party seeking the stay ‘must make out a clear case of hardship or inequity.’” *Lockyer v. Mirant Corp.*, 398 F.3d 1098, 1112 (9th Cir. 2005) (quoting *Landis*, 299 U.S. at 255).

In this case, a stay would certainly cause damage to InfoGation. The Court has set this case on a fast track, scheduling trial to begin on December 5, 2017, less than a year from now. (Scheduling Order at ¶33). This is InfoGation’s ideal and deserved scenario as the plaintiff in the first-filed case. If this litigation proceeds, InfoGation will have the opportunity to receive a quick and efficient determination on the merits and, as InfoGation argues and expects, an award of damages for Defendants’ infringement of InfoGation’s patent. (Complaints at ¶23 and Prayer for Relief).

In addition, InfoGation brought this case in its home forum. (Complaints at ¶2; K.Q.P. Decl. at ¶3). InfoGation is and always has been based in San Diego. (K.Q.P. Decl. at ¶3). If this case is stayed and InfoGation is hauled into the court of Google’s choosing, InfoGation will be forced to litigate its claims in a less convenient forum.

Furthermore, neither Defendants nor Google have asserted that Defendants agree to be bound by any decision in the Northern District Action, as required by the customer-suit exception. *Spread Spectrum Screening LLC v. Eastman Kodak Co.*, 657 F.3d 1349, 1358 (Fed. Cir. 2011) (citing *Kahn v. Gen. Motors Corp.*, 889 F.2d 1078, 1082-83 (Fed.

1 Cir. 1989)). In *Kahn*, the Federal Circuit determined that a customer's failure to agree to
 2 be bound by a determination in the manufacturer's action is a "controlling distinction[]."
 3 *Kahn*, 889 F.2d at 1082 ("These are controlling distinctions, for even if General Motors
 4 were a mere customer of Motorola, General Motors has not agreed to be bound by the
 5 Illinois decision or any injunction against Motorola.")

6 Moreover, InfoGation would be harmed by the likelihood that the Northern District
 7 Action may take considerably longer than the instant case. According to the U.S. Courts'
 8 Federal Court Management Statistics, as of June 30, 2016, it takes a median of 24.6
 9 months for civil cases to move from filing to trial in the Northern District. (Exhibit F,
 10 Federal Court Management Statistics, Comparison Within Circuit, June 30, 2016, at 9).
 11 In addition, Judge Huff acknowledged the case in this Court might progress more quickly
 12 than a case in the Northern District. (Transcript of Telephonic Case Management
 13 Conference, Nov. 18, 2016 at 4:16-20) ("And so then the Court will consider the
 14 applicable standards, but generally I wouldn't be staying a case pending another case. We
 15 could go to trial with this schedule probably quite quickly. The Northern District is down
 16 several judges, as you know."). Therefore, a stay in this case would create a delay,
 17 potentially a delay of greater than one year, in the adjudication of InfoGation's claims.
 18 (See Exhibit F, Federal Court Management Statistics, Comparison Within Circuit, June
 19 30, 2016, at 9; see also Scheduling Order). Such a delay would harm InfoGation, as it
 20 would extend InfoGation's litigation costs, and would also harm InfoGation's business.
 21 As an operating company with navigation products and services in the same market in
 22 which Defendants compete, InfoGation will be harmed by any delay in deciding the
 23 merits in this case. (K.Q.P. Decl. at ¶¶4, 5).

24 Not only would litigation in the Northern District likely take longer than the case
 25 before this Court, but after completing the Northern District litigation, InfoGation would
 26 then have to return to this Court to resume its case against Defendants. The Northern
 27 District Action would not adjudicate all of InfoGation's asserted patent claim elements,
 28

1 as several are directed to Defendants' hardware. (Complaints at ¶15, Complaints at Ex.
 2 A, U.S. Patent No. 6,292,743, col. 17, lines 9-23). InfoGation would also have to litigate
 3 its damages case against Defendants, as the Google action would not dispose of
 4 InfoGation's damages claims against Defendants. (*See infra* Section IV.C.3).

5 Defendants assert that “[t]he pending declaratory judgment action that Google filed
 6 in the Northern District of California provides InfoGation with a fair opportunity to
 7 litigate whether Google Maps infringes the '743 patent. This will resolve case-dispositive
 8 issues affecting InfoGation and all Defendants.” (Motion to Stay at 13). Having a fair
 9 opportunity to litigate the infringement of Google Maps, though, misses the point.
 10 InfoGation can fairly litigate all of the elements of the asserted claim, if and only if, its
 11 case against Defendants proceeds. Otherwise, it will be forced to first tackle its
 12 infringement claims in a piecemeal fashion, in one case against Google, and in another
 13 against Defendants. This factor weighs against a stay.

14 **B. Defendants Will Not Suffer Hardship Or Inequity If Required to
 15 Proceed in This Litigation.**

16 “[B]eing required to defend a suit, without more, does not constitute a ‘clear case
 17 of hardship or inequity.’” *Lockyer*, 398 F.3d at 1112 (referring to language from *Landis*,
 18 299 U.S. at 255); see also *Google Inc. v. Creative Labs, Inc.*, No. 16-CV-02628-JST,
 19 2016 WL 6947564, at *2 (N.D. Cal. Nov. 28, 2016) (“As a general matter, the ‘hardship’
 20 related to defending a lawsuit is irrelevant when considering whether to grant a stay.”)
 21 (quoting *FormFactor, Inc. v. Micronics Japan Co.*, No. CV-06-07159 JSW, 2008 WL
 22 361128 (N.D. Cal. Feb. 11, 2008))).

23 In this case, Defendants rely on precisely such an inadequate assertion of harm.
 24 (Motion to Stay at 14). Defendants assert that any harm they would incur if required to
 25 proceed in this litigation would be based on “having to defend against allegations of
 26 infringement over a product, Google Maps, that they did not and do not develop, operate,
 27
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1 or control.” (*Id.*). “[B]eing required to defend a suit” does not constitute the hardship or
 2 inequity required to make this factor weigh in favor of a stay. *Lockyer*, 398 F.3d at 1112.

3 Defendants also assert that “any and all information relevant to adjudicating
 4 InfoGation’s allegations—including necessary documents, witnesses, and information
 5 about Google Maps—are in Google’s possession. Google should therefore be defending
 6 against InfoGation’s infringement allegations.” (Motion to Stay at 14-15). Defendants’
 7 assertion is misguided. If Google needs to be involved in Defendants’ defense in this
 8 case, the solution is not to leave this Court and proceed with an action brought by Google
 9 rather than InfoGation. Defendants can seek third-party discovery of their “partner,”
 10 Google. Or, alternatively, Defendants can convince their “partner” to intervene in the
 11 litigation before this Court – an action that InfoGation had already indicated nearly two
 12 months ago that it would not oppose. (Exhibit G, Email from John Moy, Counsel for
 13 InfoGation to Counsel for Defendants).

14 **C. A Stay Would Prohibit the Orderly Course of Justice.**

15 **1. The Declaratory Judgment Complaint filed by Google is unlikely
 16 to proceed.**

17 On November 9, 2016, InfoGation filed a motion to dismiss the Declaratory
 18 Judgment Complaint on the following grounds: 1) the Northern District lacks subject
 19 matter jurisdiction over the cause of action asserted by Google; and 2) to the extent that
 20 the Northern District does possess subject matter jurisdiction, it should exercise its
 21 inherent discretion to decline jurisdiction pursuant to the “first-to-file” rule. (*See* Ex. B,
 22 Motion to Dismiss, at 1). A hearing on Defendants’ Motion to Dismiss is set for January
 23 5, 2017. (Ex. E, Order Granting Extension, at ¶¶ 4, 6). If the Northern District dismisses
 24 the Declaratory Judgment Complaint, which is the proper course, a stay in the present
 25 case will not simplify any issues, proof or questions of law.

26 **a. The Northern District lacks subject matter jurisdiction over
 27 the Declaratory Judgment Complaint.**

Pursuant to the Declaratory Judgment Act, “any court of the United States . . . may declare the rights and other legal relations of any interested party seeking such declaration,” where “a case of actual controversy [is] within its jurisdiction.” 28 U.S.C. § 2201. “[T]he phrase ‘case of actual controversy’ in the Act refers to the type of ‘Cases’ or ‘Controversies’ that are justiciable under Article III.” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007). The act provides that “[j]urisdiction is proper only where ‘the facts alleged under all circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.’” *Proofpoint, Inc. v. InNova Patent Licensing, LLC*, No. 5:11-CV-02288-LHK, 2011 WL 4915847, *2 (N.D. Cal. Oct. 17, 2011) (quoting *MedImmune*, 549 U.S. at 127). “[T]o establish an ‘actual controversy’ based on enforcement activity by a patentee, the pleadings must show that the patentee engaged in affirmative acts directed specifically at the party seeking declaratory judgment.” *Proofpoint*, 2011 WL 4915847 at *3 (internal citation omitted). A declaratory judgment complainant bears the burden of demonstrating the existence of an actual controversy. *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377, 114 S. Ct. 1673, 1675, 128 L. Ed. 2d 391 (1994); *Proofpoint*, 2011 WL 4915847 at *1.

The Declaratory Judgment Complaint did not establish an “actual controversy” between Google and InfoGation, as it did not allege that InfoGation directed any affirmative acts specifically at Google. Google did not allege that InfoGation directed any cease-and-desist letters, royalty requests, or licensing proposals to Google. Nor did Google allege that InfoGation threatened it with litigation. Instead, the Declaratory Judgment Complaint was based solely on the presence of the patent infringement complaints filed by InfoGation in this judicial district against ZTE, HTC, and Huawei. These complaints allege that claim 15 of the ‘743 patent is infringed by ***smartphone devices*** manufactured and/or sold by ZTE, HTC, and Huawei. Such allegations, directed to ZTE, HTC, and Huawei, do not constitute affirmative acts directed ***at Google*** and do

1 not alone establish the existence of an “actual controversy” between InfoGation and
 2 Google. *See Proofpoint*, 2011 WL 4915847 at *3-5. Accordingly, the Northern District
 3 should dismiss Federal Rule of Civil Procedure 12(b)(1) for lack of subject matter
 4 jurisdiction, which would completely moot Defendants’ current request for a stay.

5 **b. The Northern District should dismiss the Northern District
 6 Action under the “first-to-file” rule.**

7 The first-to-file rule is a “generally recognized doctrine of federal comity which
 8 permits a district court to decline jurisdiction over an action when a complaint involving
 9 the same parties and issues has already been filed in another district.” *Pacesetter Sys, Inc.*
 10 *v. Medtronic, Inc.* 678 F.2d 93, 94-95 (9th Cir. 1982). “There is a strong presumption
 11 across the federal circuits that favors the forum of the first-filed suit under the first-filed
 12 rule.” *Beauperthuy v. 24 Hour Fitness USA, Inc.*, No. 06-0715-SC, 2012 WL 3757486,
 13 *10 (N.D. Cal. July 5, 2012) (quoting *Church of Scientology v. United States Dep’t of the*
 14 *Army*, 611 F.2d 738, 750 (9th Cir. 1979) (overruled on other grounds by *Animal Legal*
 15 *Def. Fund v. U.S. Food & Drug Admin.*, No. 13-17131, 2016 WL 4578362 (9th Cir. Sept.
 16 2, 2016)). “The doctrine is designed to avoid placing an unnecessary burden on the
 17 federal judiciary, and to avoid the embarrassment of conflicting judgments.” *Church of*
 18 *Scientology*, 611 F.2d at 750. “The rule ‘should not be disregarded lightly.’” *Interactive*
 19 *Fitness Holdings, LLC v. ICON Health & Fitness, Inc.*, No. 10-CV-04628-LHK, 2011
 20 WL 1302633, *2 (N.D. Cal. Apr. 5, 2011) (quoting *Alltrade, Inc. v. Uniwield Prods.,*
 21 *Inc.*, 946 F.2d 622, 625 (9th Cir. 1991)).

22 The Declaratory Judgment Act provides courts with discretion to decline
 23 jurisdiction over declaratory judgment claims. *Wilton v. Seven Falls Co.*, 515 U.S. 277,
 24 287 (1995). “Courts routinely do so under the ‘first-to-file’ rule, the ‘generally
 25 recognized doctrine of federal comity which permits a district court to decline jurisdiction
 26 over an action when a complaint involving the same parties and issues has already been

1 filed in another district.”” *Cisco Sys. v. TiVo, Inc.*, No. C 12-02766 RS, 2012 WL
 2 3279532, *3 (N.D. Cal. Aug. 10, 2012) (quoting *Pacesetter*, 678 F.2d at 94-95).

3 “In applying the rule, courts focus primarily on the chronology of the filings, the
 4 identity of the parties, and whether the issues presented in the successive actions
 5 ‘substantially overlap.’” *Cisco Sys.*, 2012 WL 3279532, at *3 (citing *Intersearch*
 6 *Worldwide, Ltd. v. Intersearch Grp., Inc.*, 544 F. Supp. 2d 949, 957-58 (N.D. Cal. 2008)).
 7 There is no dispute that this case was filed prior to the Declaratory Judgment Complaint,
 8 and the remaining factors – identity of the parties and substantial overlap of issues –
 9 dictate that the Northern District Action should apply the first-to-file rule and decline
 10 jurisdiction over Declaratory Judgment Complaint.

11 Regarding the identity of the parties, although Google is not a named defendant in
 12 any of the actions pending before this Court, the first-to-file rule does not require exact
 13 identity of the parties. *Kohn Law Grp., Inc. v. Auto Parts Mfg. Mississippi, Inc.*, 787 F.3d
 14 1237, 1240 (9th Cir. 2015) (internal citations omitted) (“Regarding similarity of the
 15 parties, courts have held that the first-to-file rule does not require exact identity of the
 16 parties.”). Rather, courts focus on judicial efficiency in analyzing the similarity of the
 17 parties. In the *Proofpoint* case, the Court noted that although Proofpoint was not a party
 18 to the earlier-filed action, given the involvement of the same patent and the substantial
 19 similarity of issues in the two cases, judicial efficiency dictated that declaratory judgment
 20 jurisdiction should be declined. *Id.* at *7. Here, Google has claimed to stand in the
 21 position of Defendants when it stated in the Declaratory Judgment Complaint that its
 22 “partners” – including ZTE, HTC, and Huawei – do not infringe the ‘743 patent. (*See* Ex.
 23 A, Declaratory Judgment Complaint, ¶ 24 & Prayer for Relief ¶ A). Moreover,
 24 InfoGation informed ZTE, HTC, and Huawei that it would not oppose a motion by
 25 Google to intervene in the Southern District actions. (Ex. G, E-mail to Defendants’
 26 counsel). Thus, neither Defendants nor Google would be prejudiced by litigating in the
 27 first-filed actions.

As for substantial overlap of issues, that factor is clearly established. To invoke the first-to-file rule, the two pending suits must be so duplicative or involve substantially similar issues that one court should decide the issues. *Intersearch Worldwide*, 544 F. Supp. 2d at 959-60. The issue raised in the Declaratory Judgment Complaint – whether the Google Maps service infringes the ‘743 patent – is clearly encompassed by the Southern District actions.

Accordingly, InfoGation has requested and expects the Northern District to decline to exercise jurisdiction over the Declaratory Judgment Complaint. If the Northern District grants InfoGation’s Motion to Dismiss, Defendants’ Motion to Stay in this case will be moot.

2. The Northern District Action would not be dispositive of this case and the “customer-suit” exception does not apply.

In general, “litigation against or brought by the manufacturer of infringing goods takes precedence over a suit by the patent owner against customers of the manufacturer.” *Katz v. Lear Siegler, Inc.*, 909 F.2d 1459, 1464 (Fed. Cir. 1990)). The “customer-suit” exception to the first-to-file rule is applicable “where the first suit is filed against a customer who is simply a reseller of the accused goods, while the second suit is a declaratory action brought by the manufacturer of the accused goods.” *Kahn v. Gen. Motors Corp.*, 889 F.2d 1078, 1081 (Fed. Cir. 1989). “[T]he primary question [in applying the customer-suit exception] is whether the issues and parties are such that the disposition of one case would be dispositive of the other.” *Proofpoint*, 2011 WL 4915847 at *7 n.5 (citing *Katz v. Siegler*, 909 F.2d 1459, 1463 (Fed. Cir. 1990)).

In their Motion to Stay, Defendants argue that the Court should stay this case because “[i]dentical infringement issues in the pending suit between patentee and manufacturer of the accused product favor stay of suit against customers.” See Dkt. No. 38 at 9. In the present case, however, the infringement issues are overlapping, but not identical. Specifically, Claim 15 of the ‘743 patent states as follows:

1 15. A mobile navigation system comprising:

2 a ***navigation computer***;

3 a ***wireless transceiver*** coupled to said ***navigation computer*** for
 4 connecting with a navigation server, said navigation server for calculating
 5 optimal routes based on real-time information, said optimal routes being
 6 formatted using a non-proprietary, natural language description;

7 a mapping database coupled to said ***navigation computer*** for reconstructing said optimal route from said non-proprietary, natural
 8 language description; and

9 a ***display screen*** coupled to said ***navigation computer*** for displaying
 10 said optimal route using said mapping database.

11 (Complaints at Ex. A, col. 17, lines 9-23) (emphasis added). While Google provides
 12 software related to some of the claim limitations, it does not provide the hardware
 13 components necessary to meet all of the claim limitations such as the “navigation
 14 computer,” “wireless transceiver,” or “display screen.” (See Ex. A, Declaratory Judgment
 15 Complaint; see also Ex. C, Google’s Opposition to InfoGation’s Motion to Dismiss, at 7).
 16 Indeed, Defendants are not merely end users or resellers, but rather they are
 17 manufacturers that choose to include the Google Maps application in their devices, and
 18 the devices meet key claim limitations of the asserted patent. (See Complaints at ¶ 14). It
 19 is the responsibility of Defendants to integrate Google’s software component with
 20 Defendants’ hardware components to create the accused products; the Defendants are not
 21 merely selling to consumers what they receive from Google. (See Motion to Stay, at
 22 Declarations in Support of Motions to Stay at ¶ 4). Thus, while the Northern District
 23 Action could potentially² resolve some of the same infringement issues, it would not
 24 resolve several of the infringement issues that must be litigated in this case. Under such
 25 circumstances, this case should not be stayed and the customer suit exception does not

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 27 ² This assumption would necessarily entail an agreement by Defendants to be bound by
 28 any determination of this Northern District, which would be necessary for efficiency and
 judicial economy. See *Tegic Commc’n Corp. v. Bd. of Regents of Univ. of Texas Sys.*,
 458 F.3d 1335, 1343 (Fed. Cir. 2006). Defendants have not provided the necessary
 agreement.

1 apply. See *Contentguard Holdings, Inc. v. Google, Inc.*, No. 2:13-CV-01112-JRG, 2014
 2 WL 1477670, at *3-4 (E.D. Tex. Apr. 15, 2014).

3 Defendants cite to *Select Retrieval, LLC v. L.L. Bean, Inc.*, No. 2:12-CV-00003-
 4 NT, 2013 WL 1099754 (D. Me. Mar. 15, 2013), for the proposition that the customer-suit
 5 exception applies and this Court should stay the instant case. (Motion to Stay at 11).
 6 Defendants highlight the District of Maine’s decision to apply the customer-suit
 7 exception, rejecting the argument that “L.L. Bean is not a mere reseller of Adobe’s
 8 product but directly infringes Select Retrieval’s patent by performing the patented
 9 method.” *Id.* (quoting *Select Retrieval, LLC*, 2013 WL 1099754 at *5. However, *Select*
 10 *Retrieval* is distinguishable in a number of ways.

11 First, the District of Maine indicated that the “mere reseller” language did not fit
 12 the *Select Retrieval* case well. *Select Retrieval, LLC*, 2013 WL 1099754, at *5. In that
 13 case, the claim of patent infringement was based on a patented method, rather than a
 14 patented product. *Id.* LL Bean obtained the entirety of the allegedly infringing technology
 15 from Adobe and used the allegedly patented method to facilitate business through its
 16 website. *Id.* The District of Maine explained that “[t]he ‘mere reseller’ language applies
 17 neatly to those cases” that “involve customers who actually sell an allegedly infringing
 18 product or a product that has an allegedly infringing component part.” *Id.*.. In the case
 19 before it, though, “the patent protect[ed] a method which is not incorporated into a
 20 component part offered for resale.” *Id.* In the instant case, Defendants have infringed a
 21 product claim; they receive only part of an infringing product from Google, incorporate it
 22 into their products, and their products infringe additional elements of the asserted patent
 23 claim. Here, the “mere reseller” language applies and reveals that Defendants are not
 24 “mere resellers” as that term has been applied in other cases.

25 Second, Adobe agreed to defend and indemnify L.L. Bean, and moved to intervene
 26 in the District of Maine action. *Id.* at *2. “Adobe’s agreement to indemnify L.L. Bean
 27 obviates any need for L.L. Bean to agree to be bound by the California Suit.” *Id.* at *5. In
 28

addition, the District of Maine indicated that “Adobe’s indemnification agreement also provides some assurance that there is likely to be a sufficient case in controversy with respect to Adobe’s claims against Select Retrieval in the California Suit.” *Id.* (citing *Adobe Sys. Inc. v. Kelora Sys. LLC*, No. C 11-3938 CW, 2011 WL 6101545, *3-6 (N.D. Cal. Dec. 7, 2011)).³ In this case, InfoGation is not aware of any agreement by Google to defend and/or indemnify Defendants, nor is it aware of any agreement by Defendants to be bound by the Northern District Action, and Google has not moved to intervene in this litigation.

Third, Select Retrieval sued many Adobe customers in multiple district courts, creating a larger “battlefield on which [a] ‘larger fight’ is being fought.” *Adobe Sys. Inc. v. Select Retrieval, LLC*, No. 3:12-CV-2342-GPC-WMC, 2014 WL 497441, at *1, 5 (S.D. Cal. Feb. 6, 2014) (citing the District of Illinois *Select Retrieval* case). In this case, InfoGation sued three smartphone manufacturers in one court – its home forum, and the smallest and most efficient battlefield possible.

3. InfoGation’s claims against Defendants involve a different measure of damages.

InfoGation’s claims against Defendants involve a measure of damages in connection with Defendants’ sales of the accused products identified in the Complaints (“Accused Products”), which will differ from the measure of damages against Google in the Northern District Action. It is entirely possible that the measure of damages in this action will be higher against Defendants than against Google.

Contrary to Defendants’ claims, InfoGation is an operating company that provides navigation products that compete with the accused products. (*See* K.Q.P. Decl. at ¶¶ 3-5).

³ Indeed, in the California Select Retrieval suit, “Select Retrieval [did] not dispute that a justiciable controversy exists between it and Adobe, such that this Court has jurisdiction over this case under the Declaratory Judgment Act.” *Adobe Sys. Inc. v. Select Retrieval, LLC*, No. 3:12-CV-2342-GPC-WMC, 2014 WL 497441, at *3 (S.D. Cal. Feb. 6, 2014). Conversely, InfoGation has contested that a justiciable controversy exists between it and Google in the Northern District Action.

1 As such, while InfoGation does not offer a product that actually practices all of the claim
 2 limitations, InfoGation may still be entitled to recover lost profits from Defendants. *Rite-*
Hite Corp. v. Kelley Co., 56 F.3d 1538, 1548-49 (Fed. Cir. 1995), cert. denied, 516 U.S.
 3 867 (1995). Proving lost profits involves a fact specific inquiry whereby the patentee
 4 must show “a causal relation between the infringement and its loss of profits.” *Ericsson,*
Inc. v. Harris Corp., 352 F.3d 1369, 1377 (Fed. Cir. 2003) (citing *BIC Leisure Prods., Inc. v. Windsurfing Int'l, Inc.*, 1 F.3d 1214, 1218 (Fed. Cir. 1993)). Showing a causal
relation means there is “a reasonable probability that ‘but for’ the infringing activity, the
patentee would have made the infringer’s sales.” Id. (citing *Crystal Semiconductor Corp. v. TriTech Microelecs. Int'l, Inc.*, 246 F.3d 1336, 1353 (Fed. Cir. 2001)). “To show ‘but
for’ causation, the patentee must reconstruct the market to determine what profits the
patentee would have made had the market developed absent the infringing product.” Id.
*(citing *Grain Processing Corp. v. Am. Maize-Prods. Co.*, 185 F.3d 1341, 1350 (Fed. Cir.*
1999)).

15 To reconstruct the market and demonstrate lost profits, InfoGation will need to rely
 16 heavily on information and documents in the possession of Defendants in this case.
 17 Specifically, InfoGation will need to obtain, *inter alia*, documents and testimony related
 18 to Defendants’ revenues, losses, and profits associated with the marketing and sale of the
 19 Accused Products. Such information is unlikely to be obtained in the Northern District
 20 Action, which involves none of the Defendants that are a party to this case. In order to
 21 determine the issue of lost profits, therefore, it will be necessary to litigate the issue in
 22 this case.

23 Even if InfoGation is not entitled to lost profits, the measure of damages in
 24 determining a reasonable royalty will be different for Defendants than Google.
 25 Determining a reasonable royalty will involve analyzing the economic and financial
 26 factors that would have been relevant to a fictional license negotiation with InfoGation at
 27 the time the infringement began. *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F.
 28

1 Supp. 1116, 1120 (S.D.N.Y. 1970). A reasonable royalty determination with Defendants
2 will involve issues that will not be litigated in the Northern District Action. For example,
3 one factor related to the fictional license negotiation that would be considered is the
4 extent the Defendants would have considered a license to the '743 patent would have
5 enabled it to make derivative or convoyed sales of other products. *Deere & Co. v. Int'l*
6 *Harvester Co.*, 710 F.2d 1551, 1559 (Fed. Cir. 1983) (anticipated collateral sales of non-
7 infringing products relevant to determination of royalty rate); *Georgia-Pacific Corp.*, 318
8 F. Supp. at 1120.

9 In sum, the Court should deny Defendants' Motion to Stay because the Northern
10 District Action will not resolve major issues related to damages, which are specific to
11 Defendants in this case.

12 | V. CONCLUSION

13 For the foregoing reasons, the Court should deny Defendants Motion to Stay.

14 | DATED: December 13, 2016

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